

RECEIVED

FEB 28 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

In the Matter of )

Assessment and Collection )  
of Regulatory Fees for )  
Fiscal Year 1995 )

MD Docket No. 95-3

DOCKET FILE COPY ORIGINAL

**REPLY COMMENTS OF SPRINT CORPORATION**

**I. Introduction**

Sprint Corporation ("Sprint"), on behalf of Sprint Cellular Company, Sprint Communications Company L.P., and the United and Central Telephone companies, respectfully submits its reply to comments filed in the above-captioned Notice of Proposed Rulemaking ("NPRM"). Sprint strongly disagrees with those parties that argue for the use of revenue-based methods for calculating regulatory fees, specifically AT&T, who proposes to substitute a different multiplier for the calculations. Sprint urges the Commission to reject all such revenue-based proposals.

**II. Discussion**

In its comments AT&T proposes (p. 2) that the Commission replace the proposed fee multiplier for IXC (\$0.13 per customer unit, or presubscribed line) with a multiplier "based on each carrier's relative share of total IXC gross interstate revenues for the preceding calendar year." AT&T states that its proposal would "result in a more equitable distribution of the fees... and can be administered without imposing additional administrative burdens on the Commission or carriers" (p. 3).

No. of Copies rec'd \_\_\_\_\_  
List ABCDE \_\_\_\_\_

AT&T's proposal should be rejected. Contrary to its assertions, there is nothing inequitable or discriminatory about using presubscribed lines as the allocation basis. As explained further below, the use of a per-presubscribed line multiplier is far easier to implement than is a revenue-based multiplier, and this ease of implementation is certain to result in more accurate measurements, which are less subject to manipulation, than would be the case for a revenue-based allocation.

AT&T complains (p. 4) that fee allocation based on presubscribed lines does not "accurately reflect the various IXCs' share of switched services...." This is simply not true. These fees (which are intended to recover some of the Commission's costs related to its enforcement, policy and rulemaking, user information and international activities) cannot be allocated on a cost-causative basis and the allocation basis is necessarily arbitrary. These fees are no more closely related to IXC revenues than they are to IXC presubscribed lines. Both are equally "valid" or "invalid" as a means of allocation. The fact that different measures generate different market share estimates does not render either estimate discriminatory, anti-competitive or even more accurate than the other.

Under these circumstances, the Commission should adopt the allocation methodology which is simplest to implement. Presubscribed lines constitute such an allocation basis. The

number of lines presubscribed to each IXC is a readily available, measurable, and auditable figure which is already provided to the Commission. Moreover, this is the methodology that the Commission used for the calculation of regulatory fees for Fiscal Year 1994.

In contrast, "gross revenues" are subject to considerable dispute. Different companies define "gross revenues" in different ways; for example, they may or may not include international settlements payment; uncollectibles; or intrastate, non-operating or unregulated service revenues. Revenue figures are also more subject to revision than are presubscribed line counts, which could necessitate some sort of true-up, further complicating the fee allocation process.<sup>1</sup> Furthermore, the Commission does not have the resources to audit the figures that would be supplied.

Second, AT&T complains that line-based charges "artificially discourage IXCs from seeking out and serving low volume users" (p.6). This claim is also without merit. Much of Sprint's marketing effort (e.g., its television advertising) is national in scope and does not discriminate between low and high volume residential customers. Sprint, and presumably other of

---

1. The Commission has noted that contribution calculations based on revenues "is necessarily inexact" because of "the uncertainties in estimating both costs and reportable revenues" (Telecommunications Relay Services and the Americans with Disabilities Act of 1990, CC Docket No. 90-571, Third Report and Order released July 20, 1993 (FCC 93-357), paragraphs 21-22). Thus, rates for TRS funding may involve a true-up calculation in subsequent rate periods.

AT&T's competitors, do not (indeed cannot) refuse to serve low-volume residential customers. For example, Sprint has participated actively in every equal access balloting and allocation opportunity of which it was aware.

The fact that AT&T may have more low volume customers than do its competitors is irrelevant. AT&T's success among these customers is directly related to its former monopoly position; AT&T has never claimed that low volume customers are unprofitable and has never offered to relinquish this "burden" to another IXC. In any event, since most of the country has now been converted to equal access, it is simply incorrect for AT&T to claim (p. 5) that it is "the carrier of last resort" for low volume users; besides Sprint and MCI, many customers have the option of choosing from among dozens of other interexchange carriers. Certainly, the Commission does not require AT&T to serve as the "carrier of last resort."

Finally, Sprint is in agreement with one of the points made in AT&T's comments, unrelated to the above issue. AT&T states (p. 8, fn. 15) that the NPRM's rate calculation for international bearer circuits appears to be based on understated demand, i.e., 62,000 active kbps or equivalent circuits. Thus, applying the Commission's proposed rate of \$5.00 to AT&T's some 76,000 international bearer circuits would yield a payment of over \$380,000, far in excess of the Commission's \$310,000 cost allocation for the entire category.

For fiscal year 1994 Sprint reported 18,145 international bearer circuits. Based on the proposed \$5.00 rate, a payment on the same number of units would add more than \$90,000 in fees from Sprint alone, to the international bearer circuit category.<sup>2</sup> Sprint agrees with AT&T that the rate calculation should more accurately reflect the number of international bearer circuits, and accordingly the Commission should set a more appropriate fee.


### III. Conclusion

Sprint urges the Commission to reject all revenue-based proposals for the calculation of regulatory fees, and to adopt the "customer units" structure for fiscal year 1995.

Respectfully submitted,

SPRINT CORPORATION

By

  
Jay C. Keithley  
Leon M. Kestenbaum  
1850 M Street, N.W.  
Suite 1100  
Washington, DC 20036  
(202) 857-1030

Craig T. Smith  
P.O. Box 11315  
Kansas City, MO 64112  
(913) 624-3065

Its Attorneys


February 28, 1995

---

2. As stated in our initial comments, Sprint fully supports the Commission's proposal to eliminate the existing double payment of fees on international bearer circuits by operators of private submarine cable operators and the common carriers who use them. If adopted, this proposal will reduce the number of international bearer circuits for which Sprint is required to pay a regulatory fee, but it will not invalidate AT&T's argument that the Commission should use accurate circuit counts in its rate calculation for international bearer circuits.

## **CERTIFICATE OF SERVICE**

I, Melinda L. Mills, hereby certify that I have on this 28th day of February, 1995, sent via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Reply Comments of Sprint Corporation" in the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 1995, MD Docket No. 95-3, filed this date with the Acting Secretary, Federal Communications Commission, to the persons on the attached service list.

  
Melinda L. Mills

**Gene P. Belardi**  
**MobileMedia Communications, Inc.**  
2101 Wilson Blvd, Suite 935  
Arlington, VA 22201

**J. Scott Nicholls**  
**Allnet Communication Services, Inc.**  
1990 M Street, NW, Suite 500  
Washington, DC 20036

**J. D. Hersey**  
**U.S. Coast Guard**  
2100 Second Street, SW  
Washington, DC 20593

**James P. Wagner**  
**P.O. Box 621**  
**Cincinnati, OH 45201**

**Susan W. Smith**  
**Century Cellunet, Inc.**  
100 Century Park Drive  
Monroe, LA 71203

**Michael J. Shorley, III**  
**Cellular Holding, Inc.**  
180 South Clinton Avenue  
Rochester, NY 14646

**Dennis J. Kelly**  
**CORDON AND KELLY**  
**P.O. Box 6648**  
**Annapolis, MD 21401**  
**Counsel for Withers Broadcasting Company;**  
**VictoriaVision, Inc.; South Jersey Radio**

**Clifford M. Hunter**  
**President**  
**Broadcast Media Assoc.**  
316 California Avenue, Suite 700  
Reno, NV 89509

**Richard Dills**  
**President**  
**Northern Broadcast, Inc.**  
2215 Oak Industrial Drive, NE  
Grand Rapids, MI 49505

**Robert R. Johnson**  
**General Manager**  
**Johnson Communications**  
1438 Rossanley Drive  
P.O. Box 159  
Medford, OR 97501

Philip V. Otero  
Alexander P. Humphrey  
GE American Communications, Inc.  
1750 Old Meadow Road  
McLean, VA 22102

Mark A. Stachiw  
Airtouch Paging  
12221 Merit Drive  
Suite 800  
Dallas, TX 75251

Carl W. Northrop  
BRYAN CAVE  
700 13th Street, NW  
Suite 700  
Washington, DC 20005  
Counsel for Airtouch Paging

Anne E. Mickey  
John W. butler  
SHER & BLACKWELL  
2000 L Street, NW  
Suite 612  
Washington, DC 20036

Lawrence N. Cohn  
Cohn and Marks  
1333 New Hampshire Avenue, WN  
Suite 600  
Washington, DC 20036  
Counsel for Washington Broadcasting Co.

Albert Halprin  
Melanie Haratunian  
Halprin, Temple & Goodman  
1100 New York Avenue, NW  
Suite 650, East Tower  
Washington, DC 20554  
Counsel for Avis Rent A Car

Robert M. Lynch  
Mary W. Marks  
Southwestern Bell Corporation  
175 E. Houston  
Room 1262  
San Antonio, TX 78205

Daniel L. Brenner  
Neal M. Goldberg  
Diane B. Burstein  
National Cable Television Assoc.  
1724 Massachusetts Avenue, WN  
Washington, DC 20036

Mark J. Golden  
Personal Communications Industry Assoc.  
1019 19th Street  
Suite 1100  
Washington, DC 20036

Gregory P. Jablonski  
President  
The Livingston Radio Company  
P.O. Box 935  
Stations WHMI AM/FM  
Howell, MI 48844



Randolph J. May  
Timothy J. Cooney  
Sutherland, Asbill & Brennan  
1275 Pennsylvania Avenue, NW  
Washington, DC 20004-0100  
Counsel for EDS Corporation

Raul R. Rodriguez  
Stephen D. Baruch  
David S. Keir  
Leventhal, Senter & Lerman  
2000 K Street, NW  
Suite 600  
Washington, DC 20006  
Counsel for Columbia Communications

Vincent J. Curtis, JR  
Howard M. Weiss  
Anne Goodwin Crump  
Fletcher, Heald & Hildreth  
1300 North 17th Street  
11th Floor  
Rosslyn, VA 22209  
Counsel for Mid-State Television, Inc.  
and WNAL-TV, Inc.

Catherine R. Sloan  
Richard L. Fruchterman  
Richard S. Whitt  
LDDS Communications, Inc.  
1825 Eye Street, NW  
Suite 400  
Washington, DC 20006

Robert A. Mansbach  
COMSAT General Corporation  
6560 Rock Sprint Drive  
Bethesda, MD 20817

Glenn S. Rabin  
AllTel Service Corporation  
655 15th Street, NW  
Suite 220  
Washington, DC 20005

Stephen R. Effros  
The Cable Telecommunications Assoc.  
3950 Chain Bridge Road  
P.O. Box 1005  
Fairfax, VA 22030-1005

Charles H. Helein  
Helein & Waysdorf  
1850 M Street, NW  
Washington, DC 20036  
Counsel for America's Carriers Telecommunications  
Assoc.

Charles C. Hunter  
Hunter & Mow, PC  
1620 I Street, NW  
Suite 701  
Washington, DC 20006  
Counsel for Telecommunications Resellers Assoc.

Andrea D. Williams  
Michael F. Alschul  
Cellular Telecommunications Industry Assoc.  
1250 Connecticut Avenue, NW  
Suite 200  
Washington, DC 20036

David M. Hunsaker  
John C. Trent  
Putbrese & Hunsaker  
6800 Fleetwood Road, Suite 100  
P.O. Box 539  
McLean, VA 22101-0539  
Counsel for Radio 840, Inc.

Michael E. Glover  
Edward Shakin  
1320 North Court House Road  
Arlington, VA 22201  
Counsel for Bell Atlantic

Heather Burnett Gold  
President  
Assoc. for Local Telecommunications Services  
1200 19th Street, NW  
Suite 607  
Washington, DC 20036

Richard J. Metzger  
Pierson & Tuttle  
1200 19th Street, NW  
Suite 607  
Washington, DC 20036

Andrew D. Lipman  
Jonathan E. Canis  
Swidler & Berlin  
3000 K Street, NW, Suite 300  
Washington, DC 20007  
Counsel for MFS Communications, Inc.

Cindy Z. Schonhaut  
MFS Communications Company, Inc.  
3000 K Street, NW  
Suite 300  
Washington, DC 20007

Danny E. Adams  
Steven A. Augustino  
Wiley, Rein & Fielding  
1776 K Street, NW  
Washington, DC 20006  
Counsel for Competitive Telecommunications  
Assoc.

Genevieve Morelli  
The Competitive Telecommunications Assoc.  
1140 Connecticut Avenue, NW  
Suite 200  
Washington, DC 20036

Kathryn Marie Krause  
US West Communications, Inc.  
1020 19th Street, NW  
Suite 700  
Washington, DC 20036

Edward R. Wholl  
Jacqueline E. Holmes Nethersole  
NYNEX Companies  
120 Bloomingdale Road  
White Plains, NY 10605

Don Chaney  
Stellar Communications, Inc.  
P.O. Box 130970  
Tyler, TX 75713-0907

Frank M. Panek  
Ameritech  
2000 West Ameritech Center Drive  
Room 4H84  
Hoffman Estates, IL 60196-1025

Henry Goldberg  
Joseph A. Godles  
Daniel S. Goldberg  
GOLDBERG, GODLES, WEINER & WRIGHT  
1229 19th Street, NW  
Washington, DC 20036  
Counsel for Panamsat

Kenneth H. Maness  
President  
Bloomington Broadcasting Corp.  
P.O. Box 8  
Bloomington, IL 61701

Henry L. Baumann  
Jack N. Goodman  
National Assoc. of Broadcasters  
1771 N Street, NW  
Washington, DC 20036

Donna C. Gregg  
Wiley Rein & Fielding  
1776 K Street, NW  
Washington, DC 20006  
Counsel for Cablevision Industries; Multimedia  
Cablevision; Providence Journal; Star Cable

Brian M. Madden  
Nancy A. Ory  
Leventhal, Senter & Lerman  
2000 K Street, NW  
Suite 600  
Washington, DC 20006-1809  
Counsel for KUSK, Inc.

Grover C. Cooper  
Lauren Ann Lynch  
Robert L. Galbreath  
Fisher Wayland Cooper Leader & Zaragoza  
2001 Pennsylvania Avenue, NW  
Suite 400  
Washington, DC 20006  
Counsel for Duhamel Broadcasting Enterprises

Jonathan E. Canis  
Kathy L. Cooper  
SWIDLER & BERLIN  
3000 K Street, NW  
Suite 300  
Washington, DC 20007  
Counsel for Cablevision Lightpath, Inc.

Katherine M. Holden  
Wiley Rein & Fielding  
1776 K Street, NW  
Washington, DC 20006  
Counsel for The Associated Press

Christopher D. Imlay  
Booth Freret & Imlay  
1233 20th Street, NW  
Suite 204  
Washington, DC 20036  
Counsel for The American Radio Relay  
League, Inc.

Jodie Donovan  
Teleport Communications Group Inc.  
Two Lafayette Centre  
Suite 400  
Washington, DC 20036

Paul Sinderbrand  
William W. Huber  
Sinderbrand & Alexander  
888 Sixteenth Street, NW  
5th Floor  
Washington, DC 20006-4103  
Counsel for The Wireless Cable Assoc.  
International, Inc.

Albert H. Kramer  
Robert F. Aldrich  
Keck, Mahin & Cate  
1201 New York Avenue, NW  
Washington, DC 20554

Andre Lachance  
GTE Service Corp.  
1850 M Street, NW, Suite 1200  
Washington, DC 20036

Leonard J. Kennedy  
Laura H. Phillips  
Richard S. Denning  
DOW LOHNES & ALBERTSON  
1255 23rd Street, NW  
Washington, DC 20037  
Counsel for Comcast Corporation

Kathleen Wallman\*  
Chief, Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, NW  
Room 500  
Washington, DC 20554

Geraldine Matisse\*  
Acting Chief, Tariff Division  
Federal Communications Commission  
1919 M Street, NW,  
Room 518  
Washington, DC 20554

Wilbur Thomas\*  
ITS  
1919 M Street, NW, Room 246  
Washington, DC 20554

Joel Ader\*  
Bellcore  
2101 L Street, NW, 6th Floor  
Washington, DC 20037

**Mark Rosenblum  
Robert J. McKee  
Judy Sello  
AT&T Corp.  
295 North Maple Avenue  
Room 3244J1  
Basking Ridge, NJ 07920**

**Don Sussman  
MCI Telecommunications Corp.  
1801 Pennsylvania Avenue, NW  
Washington, DC 20006**

**\* Indicates Hand Delivery**